Center for Immigration Studies

Backgrounder

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The Slowing Progress of Immigrants

An Examination of Income, Home Ownership, and Citizenship, 1970-2000

By Steven A. Camarota

Over the last three decades the nation's immigrant population has grown enormously, from 9.6 million in 1970 to 28.4 million today.[1] With the number of immigrants growing rapidly, the extent to which immigrants are being successfully incorporated into the economic and social life of the United States has become an increasingly important issue. This report examines the question of how immigrants fare over time, both in comparison to natives and to immigrants of the past. The findings indicate that today's established immigrants (those who have lived in the country 11 to 20 years) are much poorer, less likely to be home owners, and less likely to have become citizens than established immigrants in decades past. Not only has the economic position of established immigrants declined relative to earlier immigrants, it has deteriorated even more dramatically in comparison to natives. Over the last 30 years, each consecutive wave of immigrants has done worse than the one that preceded it.

Findings in this *Backgrounder* include:

● In 1970, established immigrants were actually less likely than natives to have low incomes, with only 25.7 percent living in or near poverty compared to 35.1 percent of natives. By 2000 the situation had completely reversed; 41.4 percent of established immigrants lived in or near poverty compared to only 28.8 percent of natives.

● Three decades ago, 56.8 percent of households headed by an established immigrant were home owners compared to 63.4 percent of natives — a 6.6 percentage point difference. In 2000, only 45.5 percent of established immigrant households owned their own homes compared to 69.5 percent of native households — a 24 percentage point difference.

● Over the last 30 years, the percentage of established immigrants who choose to become citizens has declined dramatically. In 1970, 63.6 percent of established immigrants were citizens, but by 2000 only 38.9 percent of established immigrants had become citizens.

● The deterioration in the position of immigrants is primarily explained by a significant decline in the educational attainment of immigrants relative to natives and by the needs of the U.S. economy. In 1970, 7.1 percentage points separated the high school completion rate of established immigrants versus natives. By 2000, established immigrants were more than three times as likely as natives not to have completed high school, with 34.4 percent of established immigrants and 9.6 percent of natives lacking a high school diploma — a 24.8 percent point difference.

● The decline in the position of established immigrants has been paralleled by a decline for immigrants overall. Whereas in 1970 immigrants and natives had a nearly identical rate of poverty/near poverty of about 35 percent, by 2000 41.4 percent of all immigrants and 28.8 percent of natives lived in or near poverty. For home ownership in 1970, 55.7 percent of all immigrant households and 63.4 percent of native households owned their home. By 2000 home ownership among all immigrant households had fallen to 48.7 percent and risen to 69.5 percent for natives.

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l Although both established immigrants and immigrants in general are much worse off today than in the past, immigrants do make progress the longer they reside in the United States. Their incomes, rates of home ownership, and citizenship rise significantly over time. However, partly because new immigrants start out so much poorer today than immigrants in the past and partly because the pace of their progress has slowed, the advances that immigrants make still leaves them much worse off in comparison to both natives and immigrants who had lived in the country for the same length of time in decades past.

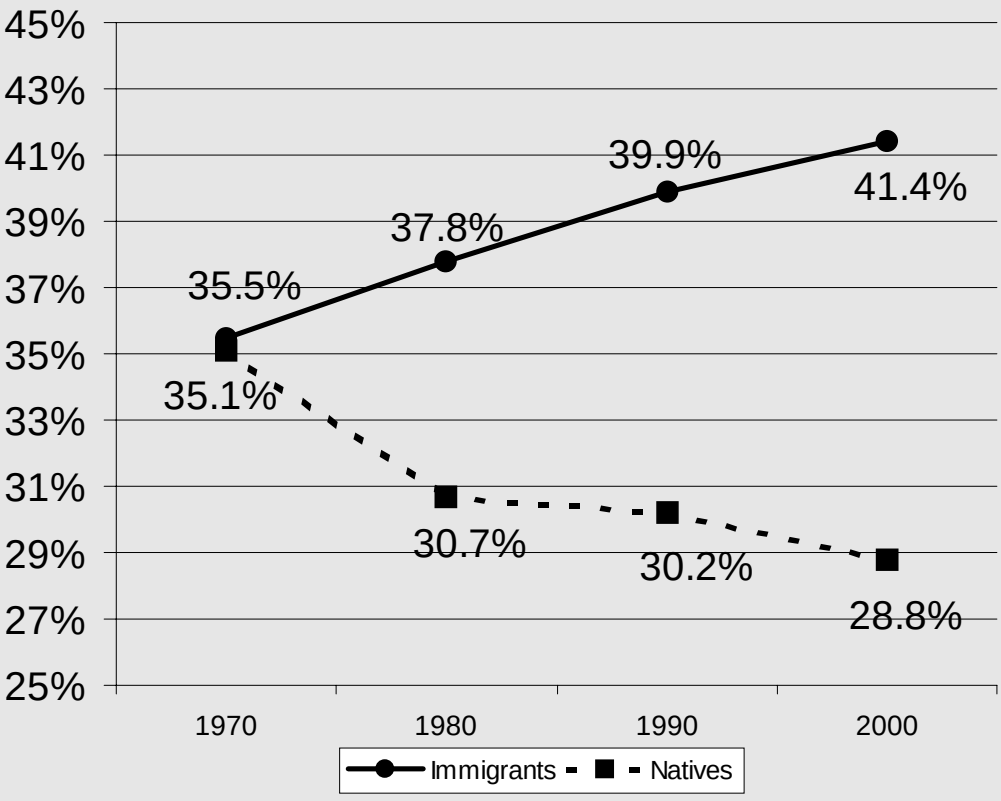
The Changing Flow of Immigrants

In addition to the dramatic increase in the overall level of immigration, the composition of immigrants has changed in two important respects. First, whereas persons from Europe once dominated the flow of immigrants into the country, in recent decades immigrants from non-European countries have come to comprise the vast majority new arrivals. The shift in sending countries has received a good deal of attention in the media and most Americans seem to be aware of this fact. The second change is more important from an economic standpoint, but has garnered much less attention. Past research has found that the educational attainment of new immigrants has declined significantly relative to the education level of natives.[2] This decline has raised concerns that the lower education level of more recent immigrants could significantly hinder their progress. Using the latest data available, this report compares the socio-economic position of immigrants over the last 30 years.

Areas Examined

This *Backgrounder* examines several key indicators of the successful incorporation of immigrants. They include rates of poverty/near poverty, home ownership, and citizenship. These areas are chosen for two reasons: First, they are all important measures of the progress of immigrants into the economic and social mainstream of American society. Income and home ownership are perhaps the most important indicators of having become part of the middle class. Citizenship is examined because it is probably the most important indication of how attached immigrants are to the United States. It is also a prerequisite for full participation in the American political sys-

Figure 1. Percent of Immigrants and Natives Living in or Near Poverty[1], 1970-2000



[1] In or near poverty defined as less than 200% of offical poverty threshold.

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tem. The second reason for examining these areas is that historical data exist back to 1970. Not only were questions asked concerning income, home ownership, and citizenship in the 1970 census, but immigrants were also asked what year they came to the United States. Thus it is possible to compare the pace of economic progress experienced by immigrants who entered decades ago with that of more recent arrivals.

Definitions and Data Source

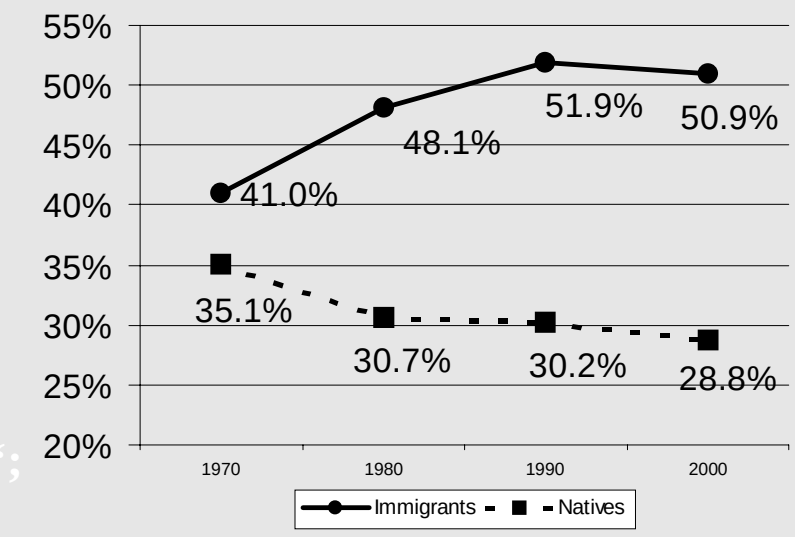
This report examines the economic and social progress made by persons born outside of the United States. While they are referred to as foreign-born by the Census Bureau, throughout this report the terms foreign-born and immigrant are used synonymously.[3] This report uses the public use samples of the 1970, 1980, and 1990 decennial censuses. Because the full results from the 2000 decennial Cencsus are not yet available, for 2000 this report uses the March 2000 Current Population Survey (CPS). This survey of roughly 50,000 households conducted by the Census Bureau includes more than 15,000 immigrants and is considered one of the most reliable sources of information on immigrants.

While we report statistics for poverty/near poverty, home ownership, and citizenship for all immigrants, recent immigrants, and established immigrants, the primary focus of this *Backgrounder* is on established immigrants. Established immigrants are defined as those who have resided in the country between 11 and 20 years at the time of each census or the CPS.[4] Thus, these are immigrants who in 1970 came to the United States in the 1950s; in 1980 they were 1960s immigrants; in 1990 they were 1970s immigrants; and in 2000 they were 1980s immigrants.

Comparing established immigrants with natives is especially useful because these immigrants have lived in the country for an average of about 15 years by the end of the decade following their arrival. Thus, they have had time to become familiar with life in their new home country. Moreover, the average age of immigrants who entered the country 11 to 20 years earlier are, by the time of the census or CPS, greater than are natives on average. For example, 1980s immigrants were on average 38 years old by 2000 — three years older than the average native. This is important because income and home ownership rise with age. Because established immigrants are actually somewhat older than natives, lower income or home ownership on the part of immigrants cannot be attributed to the youthfulness of this population.

It is of course possible to examine immigrants who have lived in the United States for longer than 20 years. However, analysis of very long-term immigrants presents several problems. First, long-term residents are, by the time of the census or CPS, much older than natives. In 2000, for example, immigrants who have lived in the United States for more than 20 years are on average 54 years old — more than 19 years older than the average native. Examining very long-term residents also points to a significant methodological tension inherit in any report of this kind. On the one hand, this report attempts to compare immigrants who have lived in the United States for a long enough period of time that they will have had a chance to make significant progress. Conversely, in order for the findings to be relevant to the current debate over immigration, this report tries to examine immigrants who are the most recent arrivals possible because these individuals are the most similar to immigrants now entering the country. It seems unlikely, for example, that comparing 1930s immigrants in 1970 to

Figure 2. Pct. of Natives and Recent[1] Immigrants Living in or Near Poverty[2], 1970-2000



[1] Recent defined as having arrived within 10 years of the census or CPS.
[2] In or near poverty defined as less than 200% of offical poverty threshold.

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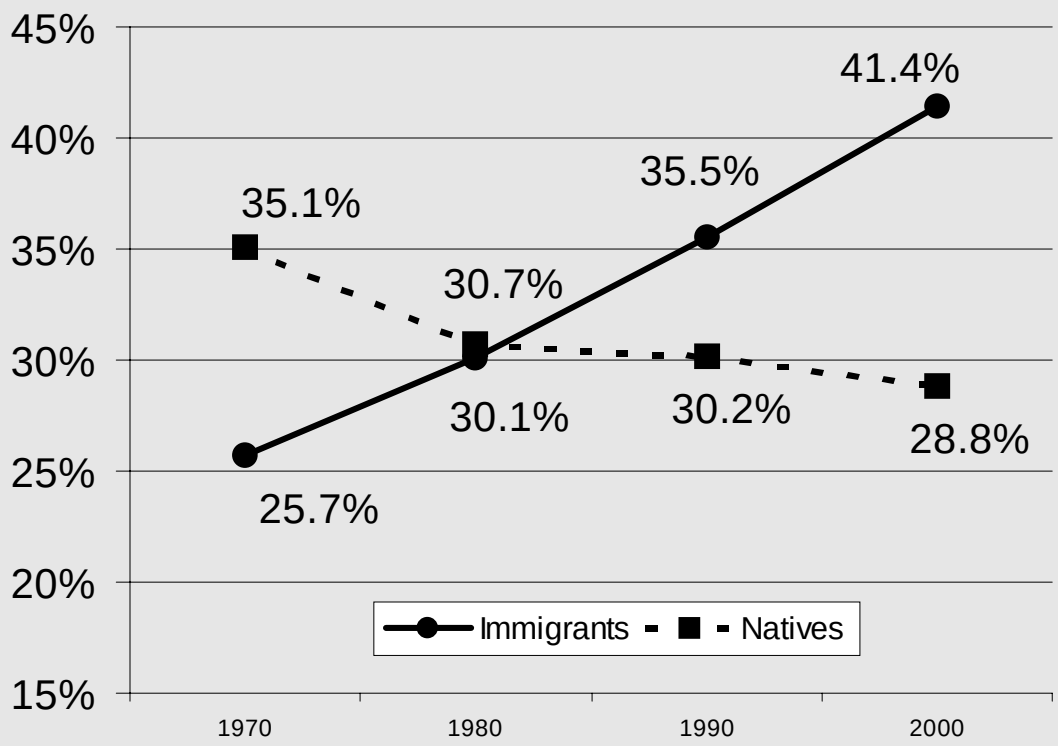
1960s immigrants in 2000 would shed much light on current concerns over the declining educational attainment of more recent arrivals. Thus, this study will concentrate on immigrants who have lived in the country for between 11 and 20 years.

Poverty/Near Poverty

There are, of course, may possible definitions of what it means to be poor or low-income as well as what makes one middle class or even upper class. This report defines low income as less than 200 percent of the official poverty threshold.[5] For the purposes of this report, persons with incomes at this level are considered to live in or near poverty. They are also referred to as the poor and near-poor. Alternatively, persons with incomes above this level may be viewed as having at least a middle class income level. This definition is consistent with the formulation developed by the Population Reference Bureau and has the advantage of controlling for family size as well as being a consistent measure over time.

The extent to which immigrants live in or near poverty is important because if a large percentage of immigrants have low incomes, it has wide-ranging implications not only for the immigrants themselves but for society in general. If immigrants are finding it increasingly difficult to obtain a middle-class income, it implies that a significant proportion of immigrants are unable to succeed in the modern American economy. A large share of the foreign-born with low incomes also implies that immigrants are imposing significant fiscal costs on the country. Persons who live in or near poverty are eligible for a wide range of means-tested programs. Moreover, because of the progressive nature of the tax system, those with low incomes also pay relatively little in taxes. In fact, workers living in or near poverty often pay no federal income tax and instead receive cash assistance from the government as a result of the Earned Income Tax Credit. Therefore, if immigration is increasing the size of the low-income population, this could create a significant drain on public coffers. Finally, by consuming scarce public resources, increasing the size of the low income popula-

Figure 3. Percent of Natives and Established[1] Immigrants Living in or Near Poverty[2], 1970-2000



[1] Established immigrants are those who arrived between 11 and 20 years prior to the census or CPS.
[2] In or near poverty defined as less than 200% of offical poverty threshold.

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tion may circumscribe the ability of the nation to help those with low incomes already here.

A larger low-income population may also impose other costs on society. While many factors contribute to the general stability of society, the distribution of income and wealth clearly matters. As the well-known political scientist Seymour Martin Lipset has pointed out, democracies can only really work in middle-class societies. There are more practical concerns as well. Persons in or near poverty are about two-and-a-half times more likely to lack health insurance than those with incomes above this level. In fact, the poor and near-poor comprise about three-quarters of the uninsured. Thus, a significant increase in the low-income population may have significant implications for the nation's health care system.

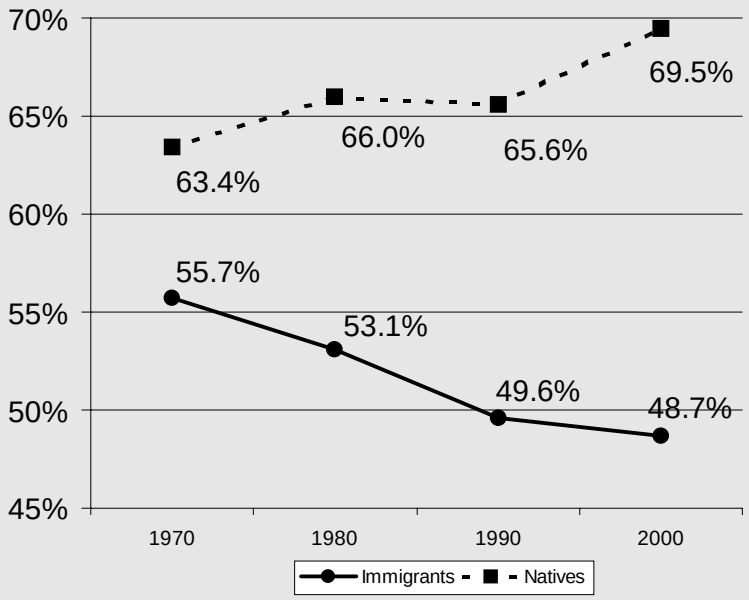
Poverty/Near Poverty Among All Immigrants. Figure 1 (page 2) reports the percent of immigrants and natives living in or near poverty over the last 30 years. The figure shows that the percentage of both groups with low incomes was virtually identical in 1970. However, by 1980 a seven-point gap had opened up between natives and the foreign born. This was partly due to an increase in poverty/near poverty among immigrants and partly because of a significant decline in the percentage of natives with low incomes. This trend continued through the 1980s, with the situation for immigrants deteriorating further, while that of natives improved slightly. The 1990 census showed that 9.7 percentage points separated immigrants and natives. The difference between the two groups increased still further in the 1990s, with the March 2000 CPS showing that 12.6 percentage points now separate the two groups. Whereas less than one-half of one percentage point separated the two groups in 1970, today the difference between immigrants and natives with respect to poverty/near poverty is nearly 13 percentage points.

The fact that the difference between the two groups did not narrow during the economic expansion of the 1980s and 1990s is especially troubling because a strong economy should have been a time when immigrants experienced greater social mobility. However, both in absolute terms and relative to natives the situation for immigrants actually deteriorated.

It is worth noting that Figure 1, and all subsequent figures for poverty/near poverty, understate the difference between the two groups somewhat because the U.S.-born children of immigrants (under 18), who are by definition natives, are not counted with their immigrant parents and instead are included in the figures for natives. Because the poverty/near poverty rate for children reflects their parents' income, it may be more reasonable to view the economic situation of these children as attributable to their immigrant parents. Including the U.S.-born children of immigrants with their parents widens the gap between immigrants and natives significantly. In 2000, for example, if the native-born children of immigrants are counted with their parents, then the percentage of immigrants with low incomes would be 44 percent and not the 41.4 percent found in Figure 1. Moreover, the percentage for natives would fall from 28.8 percent to 27.9 percent. Thus the actual gap between the two groups is larger than the one reported in Figure 1. However, even when the U.S.-born children of immigrants are included with natives, Figure 1 shows that the percentage of immigrants who do not have a middle-class income is still much larger than that of natives. And this difference has grown considerably over the last 30 years.

Poverty/Near Poverty Among Recent Immigrants. Figure 1 provides only an overview for all immigrants. It does not report income figures for immigrants based on

Figure 4. Percent of Native and Immigrant Households Who Own Their Own Homes, 1970-2000



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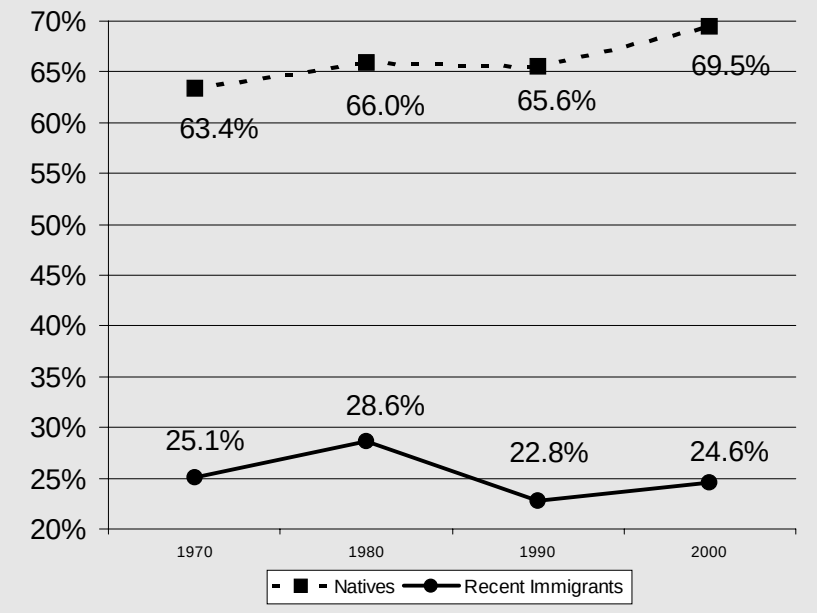
how long they have been in the United States. Adapting to life in a foreign land is never easy. Therefore, new immigrants in particular are likely to have the lowest income. Figure 2 (page 3) reports the percentage of recent arrivals (those who arrived in the 10 years prior to the census or CPS) living in or near poverty over the last 30 years.[6] It shows that recent immigrants are much more likely to have low incomes than immigrants in general. But it also shows that recent immigrants today are much poorer than they once were. In 1970, 41 percent of recent immigrants lived in or near poverty; in 2000 it was almost 51 percent — a 10 percentage-point increase. While it is often suggested that immigrants have always started out poor and that today's new arrivals are no different, Figure 2 indicates that more recent immigrants are starting out much poorer than those in the past.

Perhaps more important, recent immigrants in 2000 where also much more likely to have low incomes in comparison to natives than was the case in 1970. Even with a modest improvement in the 1990s, the gap between recent immigrants and natives is still more than 22 percentage points. The 22.1 percentage point difference between natives and recent immigrants in 2000 was more than triple the 5.9 percentage points that separated recent immigrants and natives 30 years ago. The difference between the two groups over the last 30 years partly grew due to an increase in poverty/near poverty among recent immigrants and partly because of a decline in the percentage of natives with low incomes. As a result, newly arrived immigrants today are clearly starting out much poorer relative to natives than was the case three decades ago.

Poverty/Near Poverty Among Established Immigrants. More important than their initial income is how immigrants fare over time. Figure 3 (page 4) reports the percentage of established immigrants (those who entered the country 11 to 20 years prior to the survey) and natives living in or near poverty. The trends in Figure 3 are striking. They show that the percentage of established immigrants who live in or near poverty has risen dramatically over the last 30 years. Each consecutive wave of immigrants has done worse than the one that preceded it. The 41.4 percent of established immigrants living in or near poverty in 2000 was 15.7 percentage points higher than the percentage of established immigrants who lived in or near poverty in 1970. The decline is even more dramatic relative to natives. In 1970, immigrants who had been in the country between 11 and 20 years — that is, they entered in the 1950s — were actually significantly less likely to live in or near poverty than natives. This means that 1950s immigrants had not only closed whatever gap existed when they first arrived, they had actually surpassed the income level of natives by 1970. Over the next 30 years a dramatic reversal took place, with steady deterioration for immigrants and steady improvement for natives. In 2000, immigrants who had been in the country between 11 and 20 years — that is, they entered in the 1980s — were much more likely to have low incomes than natives. The findings in Figure 3 show that, at least when measured in this way, a fundamental change has taken place in the relative economic position of the two groups.

The decline for immigrants is all the more troubling because it has taken place at a time when the share of natives living in or near poverty has seen a modest improvement. The overall conditions in the United States were generally conducive to a modest reduction in the share of the population with low income levels. Figure 3 shows that established immigrants not only didn't share in this trend, their poverty/near poverty rate actually moved in the other direction.

Figure 5. Percent of Native and Recent[1] Immigrant Households Who Own Their Own Homes, 1970-2000



[1] Recent defined as the household head having arrived within 10 years of the census or CPS.

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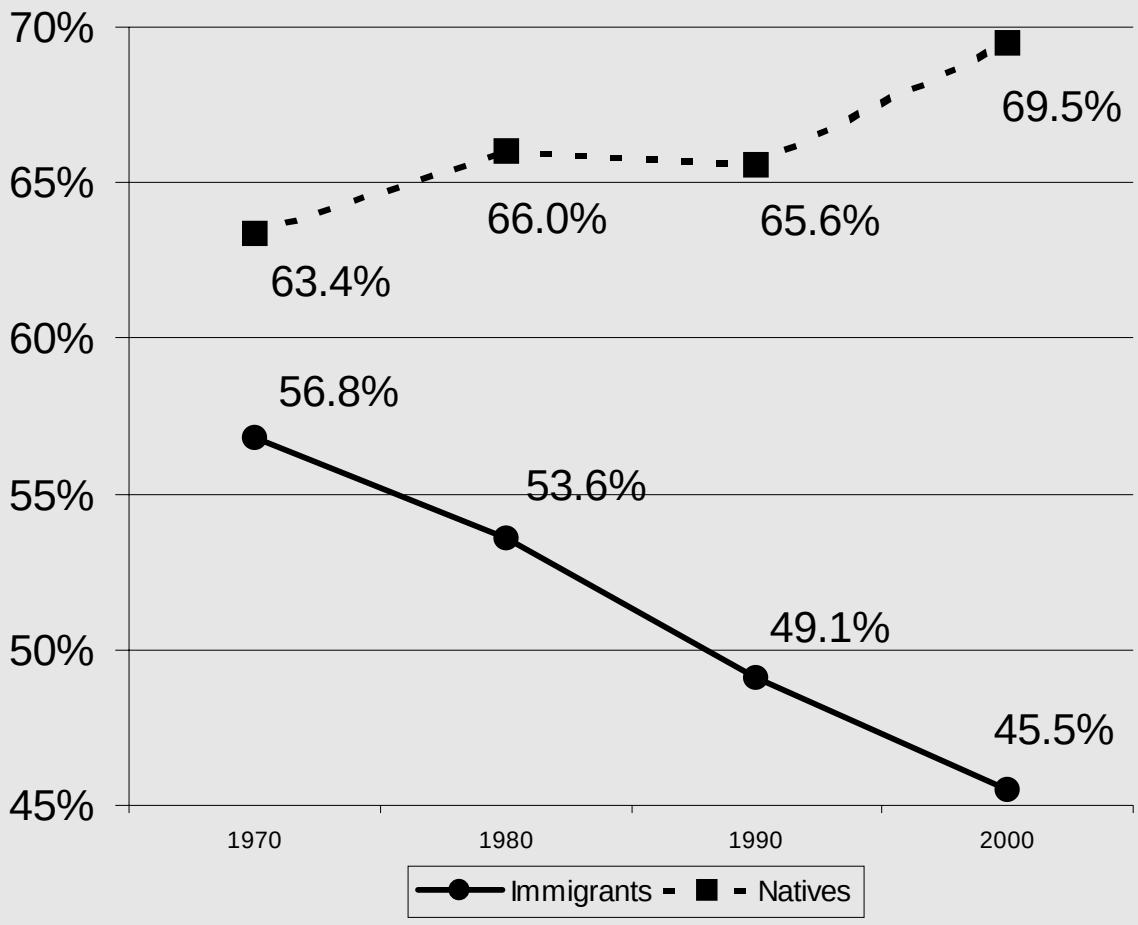
The fact that 1970s and 1980s immigrants are much more likely to live in or near poverty than 1950s and 1960s immigrants after they had lived in the country for the same period of time does not mean that more recent arrivals have not made substantial progress. Taken together, Figures 2 and 3 show that immigrants do make significant progress over time. The percentage of 1960s immigrants who lived in or near poverty was 41.0 percent in 1970. By 1980 the percentage of 1960s immigrants with low incomes had dropped to 30.7 percent. While this is higher than 1950s immigrants in 1970, it still represents a 10.3 percentage-point drop for 1960s immigrants from when they were recent arrivals in 1970. Similarly, the percentage of 1970s immigrants living in or near poverty fell 12.6 percentage points from 48.1 percent in 1980 (see Figure 2) when members of this group were recent arrivals to 35.5 percent in 1990 (see Figure 3). And the percentage of 1980s immigrants who had low incomes was 41.4 in 2000 (see Figure 3), 10.5 percentage points lower than their 51.9 percent in 1990 (see Figure 2). On average, the rate of poverty/near poverty among immigrants dropped by approximately 11 percentage points from the time the immigrants first arrived. However, because the percentage living in or near poverty was initially so high, each cohort of immigrants had a higher rate of poverty/near poverty once they became established than the one that preceded it. This fact coupled with an improvement for natives means that the gap between natives and established immigrants has grown dramatically over the last 30 years.

Home Ownership

Of course, income is only one measure of the integration of immigrants. Another important hallmark of the middle class is home ownership. In general, homeowners enjoy better accommodations, tax benefits, and the pride that comes from owning one's own home. Moreover, home

Figure 6. Percent of Native and Established[1] Immigrant Households Who Own Their Own Homes, 1970-2000



[1] Established defined as the household head having arrived between 11 and 20 years prior to the census or CPS.

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ownership is a sign that a person has demonstrated creditworthiness and the income and discipline necessary to pay for and maintain a place of their own. There are also benefits to the community at large. Homeowners can be said to have put down roots and become part of their community in a way that may not be true for renters. Because of the equity they accumulate in their home, they are more likely to take an active interest in the long-term condition of their neighborhood, the quality of local schools, and their community in general. This positive effect on civic engagement is part of the reason the federal government, and to lesser extent state and local governments, subsidize home ownership.

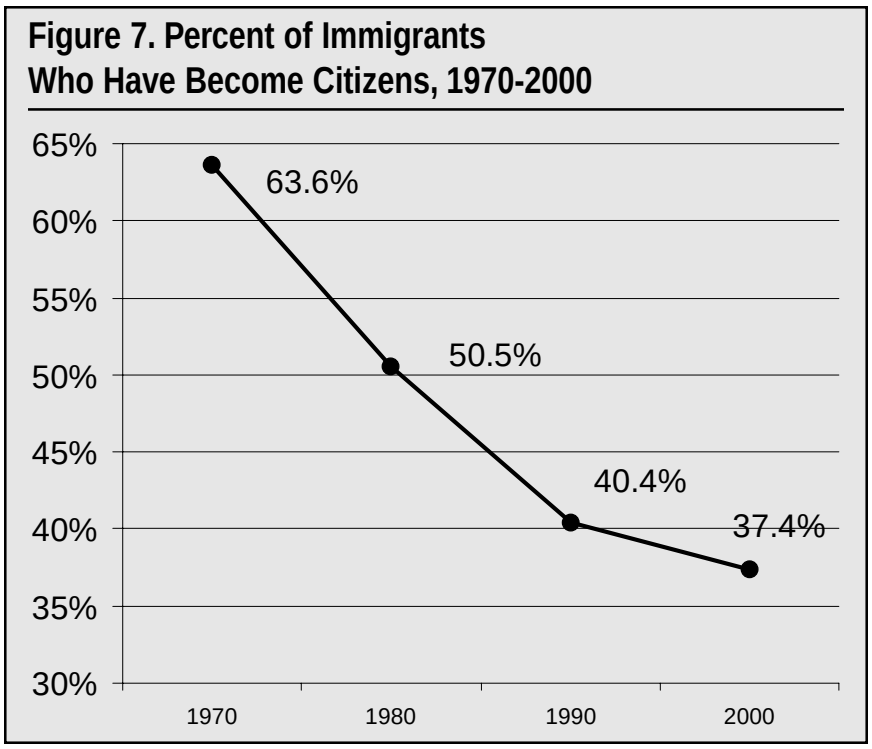
Home Ownership Among All Immigrants. Figure 4 (page 5) reports the percentage of native- and immigrant-headed households who own their own home.[7] The figure indicates that the percentage of immigrant households owning their own homes has declined significantly over the last 30 years. In 1970, 55.7 percent of immigrant households were homeowners; in 1980, 53.1 percent were home owners. By 1990 this number had dropped to 49.6 percent; and by 2000 48.7 percent of immigrant households owned their own homes. Overall, home ownership among immigrants declined seven percentage points from 1970 to 2000.

This decline in home ownership among immigrants runs counter to the trend for natives, whose home ownership rate increased 6.1 percentage points over the same period. Because the two groups moved in opposite directions, the gap between immigrant and native home ownership, which was 7.7 percentage points in 1970, almost tripled in size to 20.8 percentage points by 2000. As was the case with the percentage of immigrants and natives with low incomes, the two groups are moving in opposite directions.

Home Ownership Among Recent Immigrants. Buying a home is typically the largest purchase a person makes in their lifetime. Acquiring the necessary resources, including the down payment, income, and credit history, takes time. Thus, one would expect that new immigrants would be the least likely to own their own homes. Figure 5 (page 6) shows that this is in fact the case.[8] Households headed by immigrants who had been in the country for 10 years or less have home ownership rates that are less than half that for all immigrant households. Although recent immigrant households are much less likely to own their own home, there is no real trend in home ownership rates among recent immigrants over the last 30 years. This is somewhat surprising because Figure 2 showed that the poverty/near poverty rate for recent immigrants has risen significantly over the last 30 years. However, this does not seem to have had any discernable effect on their ability to own a home. Roughly one in four recent-immigrant households was a home owner from 1970 to 2000.

Home Ownership Among Established Immigrants. Figure 6 (page 7) reports the percentage of established immigrant households (those headed by an immigrant who had been in the country between 11 and 20 years) who own their own homes. It shows that the percentage of established immigrant households who owned their own homes has declined significantly over the last 30 years. Between 1970 and 2000, the percentage of established immigrant households who owned their own homes declined 11.3 percentage points. The decline was relatively steady over the last 30 years, dropping 3.2 percentage points between 1970 and 1980, 4.5 percentage points between 1980 and 1990, and an additional 3.6 percentage points

Figure 7. Percent of Immigrants Who Have Become Citizens, 1970-2000



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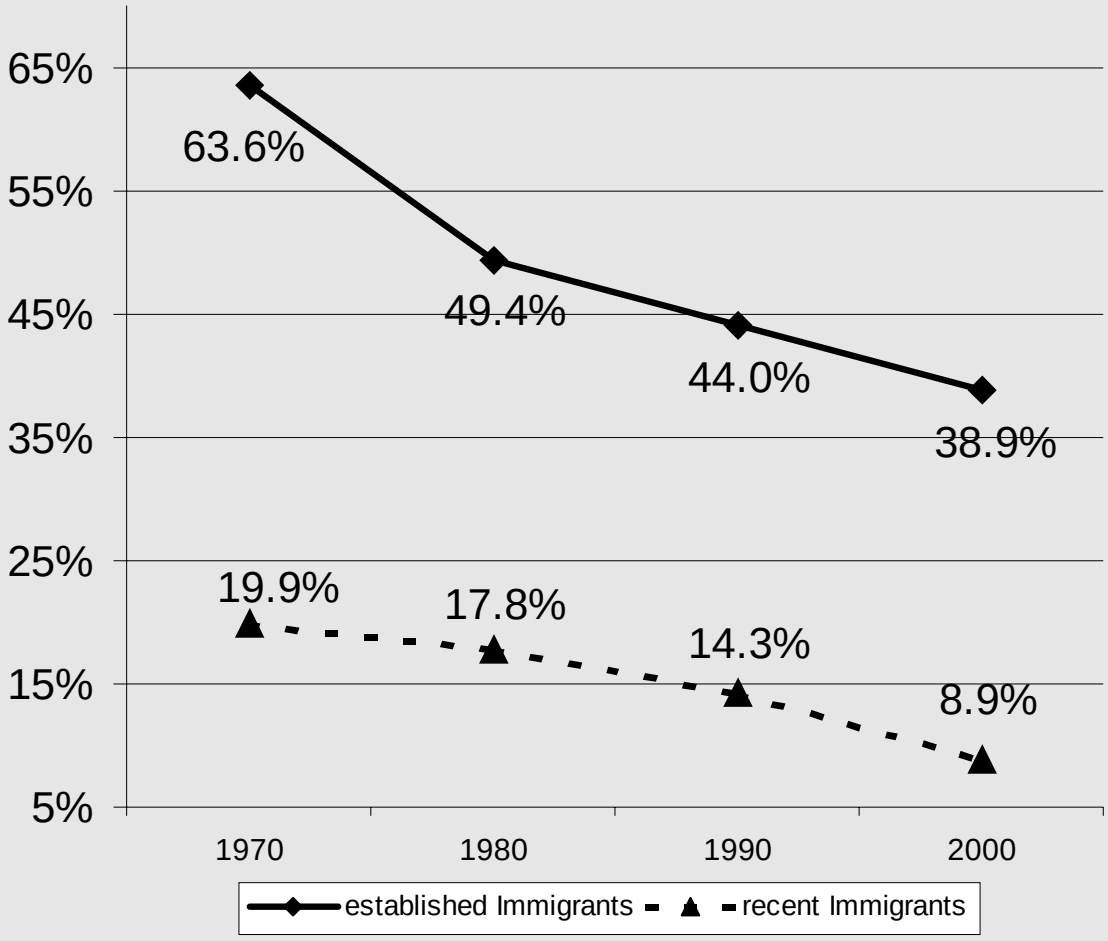
over the last decade. As is the case with rates of poverty/near poverty, the situation for established immigrants has deteriorated significantly over the last 30 years.

Even more dramatic than the absolute decline in home ownership for established immigrant households is the decline relative to natives. The gap widened in every decade over the last 30 years. In 1970, 6.6 percentage points separated established immigrants and natives. By 2000, this gap had increased more than three-fold to 24 percentage points. This difference grew not only because of the steady decline among established immigrant households, but also because of a significant increase in home ownership among native households. The data show that although there was a small decline for natives between 1980 and 1990 home ownership over the entire 30-year period increased by 6.1 percentage points for households headed by natives. Thus, while conditions were conducive to raising home ownership for natives, established immigrants did not share in this trend. As was the case with poverty/near poverty, there has been a steady deterioration in home ownership rates of established immigrants relative to natives over the last 30 years.

Citizenship

One of the most obvious indications of an immigrant's desire to become an American is whether he or she has become a citizen. The late Barbara Jordan, who headed the U.S. Commission on Immigration Reform, observed that, "Naturalization is the most visible manifestation of Americanization." The mid-1990s saw a surge in the number of applications for citizenship. This trend was partly attributed to the passage of Proposition 187 in California in 1994, which sought to reduce the use of public service by illegal aliens, and also to the passage of welfare reform in 1996, which curtailed eligibility for some non-

Figure 8. Citizenship Among Recent[1] and Established[2] Immigrants, 1970-2000



[1] Recent defined as having arrived within 10 years of the census or CPS.
[2] Established defined as the household head having arrived between 11 and 20 years prior to the census or CPS.

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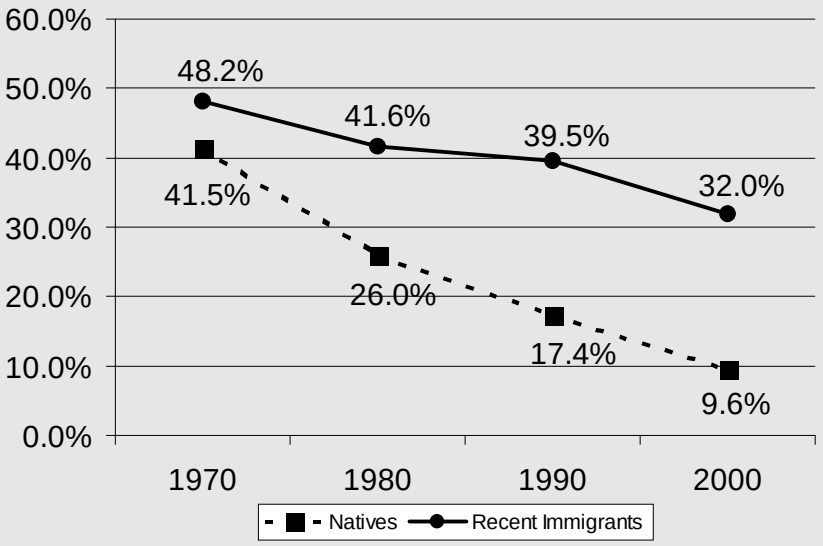
citizens. While these two factors probably played some role in the rise in citizenship applications, the dramatic increase in the number of potential applicants also likely played a significant role. In 1980, for example, seven million non-citizens lived in the country; by 1997 that number had grown to almost 17 million. By the mid-1990s, the pool of potential applicants was much larger than it had been in decades. Thus, it should come as no surprise that many more people have sought to naturalize in recent years.

Citizenship Among All Immigrants. Figure 7 (page 8) reports the percentage of foreign-born persons who were citizens over the last 30 years. The figure shows that the increase in the number of immigrants seeking to naturalize has not been sufficient to offset a long-term decline in citizenship rates. Since 1970 the share of immigrants who are citizens has dropped by 26.2 percentage points, or more than a third from 63.6 percent in 1970 to 37.4 percent in 2000. While the steepest drop occurred in the 1970s, both the 1980s and 1990s also witnessed a significant decline in citizenship rates.

Citizenship Among Recent Immigrants. Figure 8 (page 9) reports citizenship for both recent and established immigrants. Turning to recent immigrants first (those who have been in the country for 10 years or less), we see that they have the lowest rate of naturalization. Since in most cases a person must live in the country for at least five years before applying for citizenship, it is certainly not surprising that the vast majority of recent immigrants are not yet citizens. This was true not only in 2000, but also in 1970. However, there does seem to have been a drop in citizenship rates even among recent arrivals. In the past a larger percentage of recent immigrants had become citizens by the end of the decade in which they arrived than is true today. While the decline in citizenship rates for recent immigrants may be a matter of some concern, a more important measure of the attachment of immigrants to the United States is the naturalization rate of established immigrants.

Citizenship Among Established Immigrants. Figure 8 shows that there has been a very substantial decline in citizenship rates among established immigrants (those in the country 11 to 20 years). While 63.6 percent of 1950s immigrants had become citizens by 1970, only 49.4 percent of 1960s immigrants were citizens by 1980; 44 percent of 1970s immigrants were citizens by 1990; and only 38.9 percent of 1980s immigrants had naturalized by 2000. Thus, the percentage of established immigrants who are citizens fell almost 25 percentage points, or by more than one-third, from 1970 to 2000. This decline is troubling because it suggests that a larger share of more recent immigrants may not be developing a strong attachment to the United States in the way that was true of earlier waves of immigrants. At the very least, a very large percentage of established immigrants have chosen not to participate fully in the civic life of their new country. This would seem to be an undesirable situation both for immigrants who cannot participate in the political system and for a society such as ours, which is based on the idea of the rule of the governed.

Figure 9. Percent of Natives and Recent[1] Immigrants Without a High School Diploma (Ages 25-64)



[1] Recent defined as having arrived within 10 years of the census or CPS.

What Explains the Decline?

This report has examined three key indicators of the economic and social integration of immigrants over the last three decades. Although immigrants clearly make progress the longer they reside in the country, the findings indicate that compared to immigrants who entered in decades

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past, more recent arrivals have not done as well. Each successive wave of immigrants has done worse than the one that preceded it, both relative to earlier immigrants and to natives. What explains this decline?

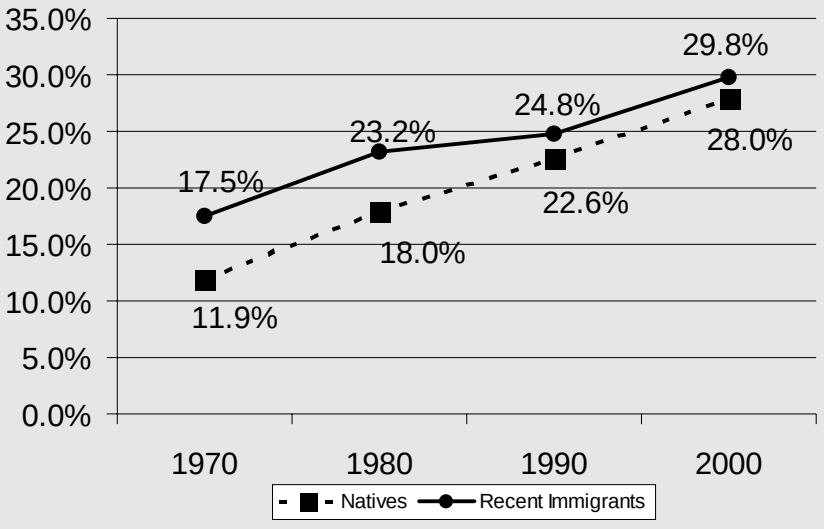
Declining Educational Attainment. As was noted at the outset of this *Backgrounder*, there has been a well-documented decline in the education level of immigrants relative to natives over the last 30 years. Figure 9 (page 10) shows the percentage of working-age recent immigrants (those who arrived in the 10 years prior to the census and CPS) and natives who lack a high school diploma over the last 30 years. The figure shows that a very large gap has opened in the high school completion rate between the two groups. In every decade since 1970, the gap between natives and recent immigrants has widened. In 2000, more than three times as many recent immigrants as natives lacked a high school education. It is important to realize that Figure 9 does not show that immigrants who entered in the 1990s are less likely to have completed high school than those who arrived in the past; rather they have simply not kept pace with the rapid increase in the educational attainment of natives.

The situation is even more complex than that found in Figure 9. Figure 10 shows the percentage of recent immigrants and natives who have completed at least four years of college. Here we see that recent immigrants are more likely than natives to have a four-year college degree. However, the advantage at the higher end of the education distribution that immigrants once enjoyed has shrunk dramatically over the last three decades. Figures 9 and 10 show that a fundamental change has taken place in the relative education levels of the two groups. At the bottom end of the education distribution, each new wave of immigrants is less educated compared to natives, while at the high end of the distribution the immigrant advantage has almost entirely disappeared.

Figures 11 and 12 (pages 12 and 13) show the educational attainment of established immigrants (those in the country 11 to 20 years) and natives. They reveal a similar pattern to that found in Figures 9 and 10. At the bottom of education distribution, a very large gap has opened up between established immigrants and natives, while among college graduates the immigrant advantage has entirely disappeared. Taken together, the findings in Figures 9 through 12 suggest that in 1970 the higher percentage of recent and established immigrants with a college degree offset at least in part the lower high school complete rate among immigrants. The disappearance of the advantage at the high end of the educational distribution coupled with a widening difference at the bottom of the education distribution has very significant implications for the socio-economic status of immigrants.

The decline in the relative education level of immigrants is so important because there is no single better predictor of success in modern America. For example, 10 percent of adults with a college education lived in or near poverty in 2000, compared to 56 percent of adults who lacked a high school diploma.[9] While less dramatic, home ownership also varies significantly by education. Of households headed by a college graduate, 72 percent owned their own homes, compared to only 46 percent of households headed by a high school dropout.[10] Citizenship, too, varies significantly by education level. In 2000, of immigrants 21 and older, 51 percent with a college education were citizens. In contrast, only 30 percent of those without higher education were citizens. Because education is so important to socio-economic success, the relative decline in education levels of each wave of immigrants cannot help but have significant consequences for their integration into the economic and civic life of the United States.

Figure 10. Percent of Recent Immigrants and Natives Who Have at Least a College Degree (Ages 25-64)



[1] Recent defined as having arrived within 10 years of the census or CPS.

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Of course, this decline does not mean that today's immigrants cannot better themselves over time. This report contains a good deal of evidence showing that immigrants do make substantial progress over time. But the decline in their educational attainment relative to natives does mean that in an economy that has transitioned from the industrial age to the information age in one generation, immigrants are finding it increasingly difficult to earn a middle-class income, own a home, or become citizens.

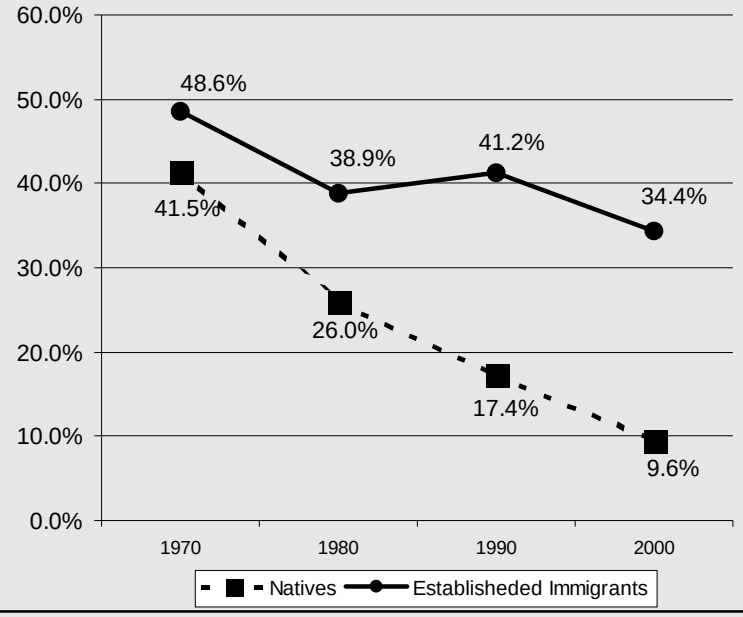
Illegal Immigration. The United States clearly has a significant illegal immigration problem. The Immigration and Naturalization Service (INS) most recently estimated that there were more than five million illegal aliens living in the United States as of 1996, and that this number grows by 275,000 a year.[11] The decennial census as well as the Current Population Survey both include a large number of illegal aliens. Because illegals are less educated than legal immigrants, their inclusion in more recent census and CPS data reduces the overall economic position of immigrants. Moreover, because they cannot become citizens, their presence in the data increases the share of immigrants who are not naturalized.

While it is not possible to definitively distinguish illegals in the census or CPS, research has attempted to identify illegal aliens in the Census Bureau data.[12] This research shows that because illegals often return home or eventually obtain green cards after having lived in the United States for a number of years, illegals are overwhelmingly new arrivals. Thus, their effect is primarily on the figures for recent immigrants. Relatively few established immigrants, as defined in this study, are illegal aliens. As will be recalled from figures 3, 6, and 8, it is established immigrants who show the most pronounced decline in income, home ownership, and citizenship. It should also be recalled that the decline in the standing of established immigrants began well before the 1980s, before illegal immigrants began to make up a significant share of the foreign born. Thus, illegal immigration can't explain the long-term decline found in this report.

It is also important to recognize that large-scale legal immigration is an important underlying cause of large-scale illegal immigration. Sociological research indicates that one of the primary factors influencing a prospective immigrant's decision to emigrate is whether a family member or person from their home community has already come to United States.[13] Communities of recent legal immigrants serve as magnets for illegal immigration by providing housing, jobs, and entree to America.

The close link between legal and illegal immigration can also be seen in analysis done by the INS, which estimated that at least one out of four immigrants who received a green card in recent years was an illegal alien already living in the country.[14] It is probably more accurate to view *illegal* immigration as an unavoidable byproduct of large-scale *legal* immigration. Therefore, when evaluating immigration policy it makes more sense to examine the characteristics of all immigrants, legal and illegal, as reflective of the nation's immigration policy in its totality.

Figure 11. Percent of Natives and Established[1] Immigrants Without a High School Diploma (Ages 25-64)



[1] Established immigrants are those who arrived between 11 and 20 years prior to the census or CPS.

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Policy Implications

Knowing that immigrants are falling further and further behind natives does not, of course, tell us exactly what we should do about this problem. Assuming that we are concerned about this situation, two sets of policy options would seem to make sense: The first change that would seem warranted is the adoption of a new immigration policy that reduces the number of immigrants who enter in the future without the skills or ability to compete in the American economy. This would involve changes in legal immigration as well as significant increase in efforts to control illegal immigration.

In most years, 65 to 70 percent of visas are allotted to the family members of U.S. citizens and non-citizen lawful permanent residents (LPRs). By limiting which relatives are eligible for admission we could reduce the number of immigrants admitted without regard to their skills. The Commission on Immigration Reform chaired by the late Barbra Jordan suggested limiting family immigration to the spouses, minor children, and parents of citizens and the spouses and minor children of LPRs. They also suggested eliminating the visa lottery because it makes little sense to admit immigrants based on luck. The preference for the spouses and children of non-citizens should also probably be eliminated, since these provisions apply to family members acquired after the alien has received a green card, but before he has become a citizen.[15] If the parents of citizens were also eliminated as a category, family immigration would be lowered to roughly 300,000 per year, and the number would likely fall to 200,000 in a few years. Changing legal immigration in this way would significantly reduce the number of legal immigrants admitted in the future without regard to their ability to compete in the modern U.S. economy.

Reducing legal immigration would also be helpful in reducing illegal immigration in the long-run because, as already discussed, communities of legal immigrants tend to draw illegal immigrants into the country. Implementing a computerized system of employment verification and hiring more worksite inspectors would also have to be made a much higher priority.

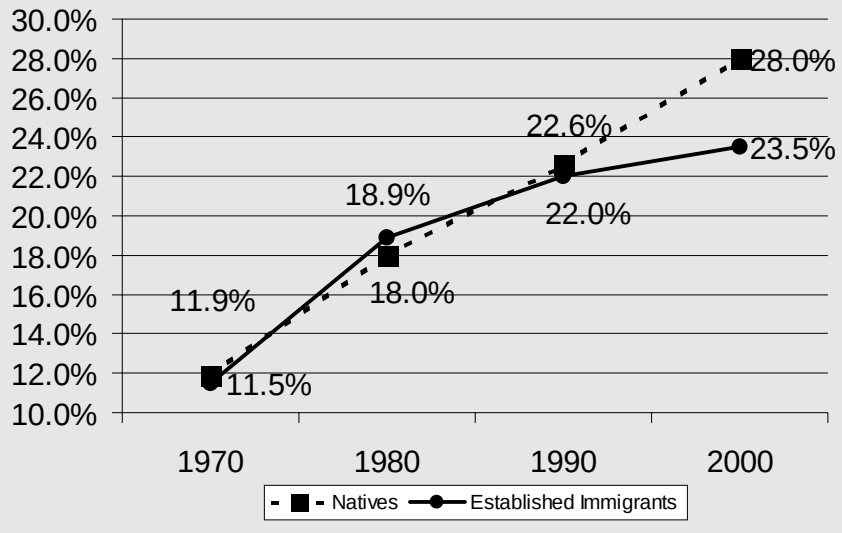
Of course, reducing the flow of immigrants who are allowed to enter the country without regard to their skills would only ensure that immigration does not continue to add to the problem in the indefinite future. Policies designed to help immigrants already here would also have to be implemented.

Because the low skill level of a large share of immigrants is one of the primary reasons for their lower socio-economic status, increasing the ability of immigrants to compete in the labor market by improving their job skills would certainly be helpful in increasing their income and home ownership rates. In addition, efforts to increase naturalization should also be increased significantly. Government and privately funded English language and civic education programs designed to make immigrants more familiar with the citizenship process might have a significant effect on citizenship rates. In addition, Congress needs to make sure that the INS does a much better job of processing applications for naturalization in a timely fashion. It now takes over two years to complete the process in some parts of the country.

Conclusion

It is often suggested that immigrants have always started out poor and that recent immigrants are no different from those of the past. The findings in this report indicate

Figure 12. Percent of Natives and Established[1] Immigrants Who Have at Least a College Degree (Ages 25-64)



[1] Established immigrants are those who arrived between 11 and 20 years prior to the census or CPS.

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otherwise. In the last two decades in particular, newly arrived immigrants have started out much poorer than earlier immigrants. Even more troubling, there has been a steady deterioration in the long term socio-economic position of established immigrants both relative to natives and earlier immigrants. This decline seems to be closely related to the well-documented decline in the educational attainment of immigrants relative to natives and the needs of the economy. In an economy that increasingly rewards educated workers while offering only very limited opportunities for those with little education, it is no surprise that many immigrants are finding it increasingly difficult to join the economic mainstream.

By itself the deterioration in the status of immigrants found in this report would be of concern. However, because it has occurred at the same time as the level of immigration has increased dramatically, the problem is much more important to the nation as a whole. The most troubling finding in this report is the situation for 1980s immigrants in 2000. This group of immigrants is the most similar to 1990s immigrants in educational attainment, country of origin, initial rates of poverty/near poverty, home ownership, and citizenship. The fact that in 2000, 1980s immigrants lagged so far behind natives as well as previous waves of immigrants suggests that many of the more than 11 million immigrants who entered in the 1990s may also find it very difficult to close the gap with natives. America faces two fundamental challenges with regard to immigration: First, how do we help immigrants already here close the large gap with natives? Second, how do we craft an immigration policy that selects immigrants so that this problem does not continue into the indefinite future?

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End Notes

[1] Camarota, Steven A. January 2001. "Immigrants in the United States — 2000: A Snapshot of America's Foreign-Born Population." Center for Immigration Studies *Backgrounder.*

[2] Borjas, George J. 1994. "The Economics of Immigration." *Journal of Economic Literature* 32 (4): 1667-1717. Edmonston, Barry and James Smith, ed. 1997. *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*. Washington D.C.: National Academy Press.

[3] All persons not born in the United States, one of its outlying territories, or of U.S. parents living abroad are considered immigrants. All persons born in the United States, including the children of illegal aliens, are considered natives.

[4] Because the census and the March 2000 CPS were conducted at the begining of the following year, figures for established immigrants include some persons who have lived in the country for 20 and 1/4 years.

[5] In 1970, under 200 percent of poverty for the average family of four would mean an income of below $7,486. This figure has been adjusted upward each year to reflect the annual rate of inflation. In 2000, under 200 percent of poverty would mean an income of below $34,058 for the average family of four. Figures for poverty are based on annual income in the year prior to when the data were actually collected. Thus, poverty in the 1970 census is for 1969, poverty in 1980 is for 1979, in 1990 it is for 1989, and in 2000 the figures are for 1999. However, to make the poverty figures comparable to those for home ownership and citizenship, poverty/near poverty is reported in this *Backgrounder* for the year of the census or CPS.

[6] Because the census and the March 2000 CPS were conducted at the begining of the following year, figures for established immigrants include some persons who have lived in the country for 10 and 1/4 years

[7] While Figure 4 reports home ownership rates based on the nativity of the household head, it is also possible to calculate home ownership based on whether each individual person lives in owner-occupied housing. Calculated on an individual basis, home-ownership rates for immigrants and natives are quite similar to those found in Figure 4, both in absolute terms and relative to one another. In 1970, the percentage of individual immigrants living in owner-occupied housing was 55.4 percent and 65.5 percent for natives; in 1980 it was 53.8 percent for immigrants and 69.0 for natives; in 1990 it was 49.1 percent for immigrants and 67.7 for natives; and in 2000 it was 50.1 percent for natives and 72.2 for natives. Thus, the gap between the two groups is somewhat larger when calculated on an individual rather than a household basis.

[8] Home ownership rates in Figures 5 and 6 are based on the year of entry of the household head. Home ownership rates calculated using year of entry on an individual basis are very similar.

[9] Figures are for all persons age 21 and over in 2000.

[10] Figures are for all households headed by a persons under age 65 in 2000.

[11] *Statistical Yearbook of the Immigration and Naturalization Service*, 1998, U.S. Immigration and Naturalization Service. Washington, D.C.: U.S. Government Printing Office, 2000.

[12] See Robert Warren. 2001. *Annual Estimates of the Unauthorized Immigrant Population Residing in the United States and Components of Change: 1987 to 1997*. Draft Report. Office of Policy and Planning. U.S. Immigration and Naturalization Service.

[13] Massey, Douglas S., and Kristin E. Espinosa. 1997. "What's Driving Mexico-U.S. Migration? A Theoretical, Empirical, and Policy Analysis." *American Journal of Sociology.* 102: 4. 939-999. Palloni, Alberto, Mike Spittel and Miguel Ceballos. 1999. *Using Kin Data to Falsify Social Networking Hypotheses in Migration*. Paper presented at the annual meeting of the Population Association of America.

[14] Robert Warren. 2001. *Annual Estimates of the Unauthorized Immigrant Population Residing in the United States and Components of Change: 1987 to 1997.* Draft Report. Office of Policy and Planning U.S. Immigration and Naturalization Service.

[15] There is currently a large backlog of persons waiting to enter in the spouses and minor children of Lawful Permanent Residents category. A significant portion of these individuals are the family members of IRCA amnesty beneficiaries. It seems unwise to continue to separate these families. Therefore, it would make sense to grandfather in those already on the waiting list. However, no future applications would be taken for the spouses and minor children of LPRs.

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